

Malaysia special

(Promotional content)

66 years of bilateral relations provide solid base for future

Japan and Malaysia recently celebrated 66 years of fruitful diplomatic and economic ties—a period filled with beneficial trade agreements as well as economic, technical and social cooperation. This strong, supportive partnership weaves together a diverse tapestry of programs and strategies to foster regional stability and one of the world's most productive bilateral relationships.

Deep background

Economic and diplomatic relations between modern-day Malaysia and Japan reportedly date back to the 15th century with ties between the Malacca Sultanate and the Ryukyu Kingdom. After Malaysia gained independence in 1957, and Japan liberalized its foreign investment rules in 1969, the relationship gained real depth.

One potent long-term strategy, Malaysia's forward-looking Look East Policy, actually evolved as a joint effort between the nations over a 40-year span. Japan has steadily backed the policy's implementation through official development assistance.

That LEP-ODA combination has helped to provide Malaysia with a solid industrial base by boosting its technological capabilities and key infrastructure, including highways, an airport and water treatment plants. Through the LEP, Malaysia has also sent around 26,000 students and government officials to Japan to study and train, and the skills they bring back are vital to the country's progress. In turn, many of the approximately 1,500 Japanese companies active in Malaysia have received LEP support for their investment and expansion there.

Another milestone collaboration is the Malaysia-Japan economic partnership agreement. This 2005 deal, the first comprehensive agreement ever signed by Malaysia, covers trade in industrial and agricultural

goods, trade in services, investment, rules of origin, customs procedures, intellectual property, competition policy and more.

The power of two

The Malaysian Investment Development Authority—the country's principal investment promotion and development agency—announced approved investments in the first quarter of 2023 totaling an impressive 71.4 billion ringgits (\$16.19 billion) in various sectors. That includes 14 projects with Japanese participation worth \$46.99 million under MIDA's purview that are expected to generate employment for hundreds of people.

More recently, Malaysia's mid-2023 Trade and Investment Mission to Tokyo and Osaka secured \$5.23 billion in potential investment in sectors such as carbon capture and storage, electric vehicles, and electrical parts, with the involvement of firms ranging from Omron Corp. and NHK Spring Co. to Japan Petroleum Exploration Co.

In July, the Malaysian government also announced three special passes for strategic investors, digital nomads and other talent to make business easier and draw foreign and domestic investment.

Booming bilateral trade

Malaysia has been a key exporter of primary resources to Japan, including lumber, rubber and liquefied natural gas. The country's exports now include value-added products, such as furniture and surgical instruments. As of 2022, Japan was ranked as Malaysia's fourth-largest trading partner for the eighth consecutive year.

According to the Malaysia External Trade Development Corporation, assistance from Japanese solution providers—such as Fujitsu, Hitachi and NEC—to Malaysian small and midsize enterprises has boosted the production and export of semiconductors, increasing productivity and quality, as well as employee skills. MATRADE also notes that other export trends are forming in the services sector, including fintech, e-commerce, gaming and digital content.

The solid and long-lasting reciprocal relationship between Japan and Malaysia is a model of mutual support and cooperation. Thanks to initiatives such as the LEP, both countries have benefited economically and socially. There is great potential to the partnership, which is still growing in sophistication and reach.



The Merdeka 118 tower in Kuala Lumpur is currently the second-tallest building in the world.

GETTY IMAGES



Left: Tokyo and Kuala Lumpur, juxtaposed in this montage, represent partners on the path to a lower-carbon future. Right: The Petronas LNG Complex in Bintulu, Sarawak state, is one of the largest LNG production facilities based in a single location, providing Japan with a secure supply of liquefied natural gas. PETRONAS



Petronas: Japan's partner on net zero

For the past four decades, Petronas and Japan have nurtured a thriving partnership in the liquefied natural gas industry. As one of Japan's preferred LNG suppliers, Petronas has fostered this relationship through reliability, collaboration and shared ambitions toward a sustainable future.

Petronas is a significant player in Japan's LNG landscape, offering a reliable and extensive supply network. With one of the closest supply nodes and a strong presence across Japan, Petronas has delivered over 8,000 LNG cargoes to 29 out of 37 receiving terminals in the country. Moreover, Malaysia, through Petronas' production facilities, stands as Japan's second-largest LNG exporter, contributing approximately 17% of Japan's total LNG imports in 2022.

This remarkable familiarity and experience have solidified Petronas' position as one of Japan's preferred and trusted LNG suppliers.

Petronas' partnership with Japan dates back to 1982, when the company became an ardent supporter of the Malaysian government's Look East Policy. This collaboration took flight when Malaysia delivered its first LNG shipments to Tokyo Gas Co.

and Tokyo Electric Power Co. in January 1983 following the establishment of Japan Malaysia LNG Co. Over the years, Petronas has expanded its production capacity with Japanese joint ventures, including the Petronas LNG Complex in Bintulu, Sarawak state, now one of the world's largest. Since 2017, Petronas' representative office in Japan has further strengthened collaboration with Japanese partners and stakeholders.

Both Petronas and Japan share the common goal of achieving net zero carbon emissions by 2050. In fact, Petronas is the first oil and gas company in Southeast Asia to declare its ambition to achieve net zero carbon emissions by 2050. Similarly, Japan pledged at the 2021 United Nations Climate Change Conference to work toward decarbonization in Asia. Petronas believes that natural gas plays a pivotal role in achieving this shared goal due to its distinct environmental advantages. As natural gas emits 40% to 50% less carbon dioxide than coal, it offers a smoother transition toward cleaner energy sources while ensuring energy security and affordability. With this

fuel comprising 70% of Petronas' portfolio, the company is actively expanding access to natural gas, including LNG, aligning with Japan's carbon neutrality journey.

To realize their shared vision, Petronas and Japan have engaged in various energy transition partnerships and initiatives. These collaborations include exploring carbon capture and storage opportunities with Japan Petroleum Exploration Co., low-carbon energy projects with JERA Co., and the development of a competitive, clean hydrogen supply chain with ENEOS Corp. Petronas also joined hands with Sumitomo Corp. and Tokyo Gas to study the feasibility of setting up a carbon-neutral methane supply chain.

Over the past 40 years, Petronas has strengthened its position as Japan's preferred energy partner by emphasizing its reliability and customer-centric approach. With a shared commitment to achieving net zero carbon emissions, Petronas and Japan are forging ahead on their journey toward a cleaner, greener future through innovative collaborations and responsible energy practices.

The path to a sustainable future starts with the right partner

Partner with PETRONAS and grow your business responsibly with reliable lower-carbon energy solutions



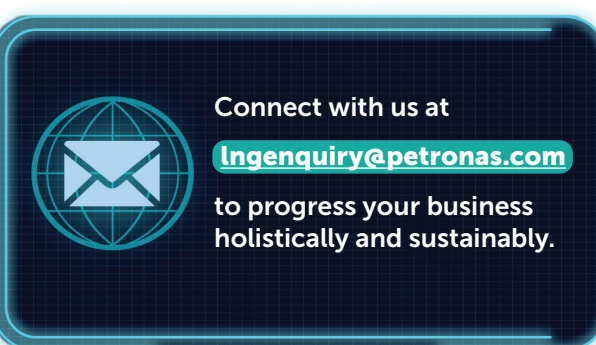
Balancing surging energy demands while embracing the global call for emissions reduction poses a significant challenge for many industries. At PETRONAS, we proudly stand as your ideal partner in this journey toward a lower-carbon energy future.

With liquefied natural gas as our cornerstone, we pave the way to a more sustainable tomorrow. Over four decades, we've grown to become one of the world's largest suppliers of natural gas, with a global production capacity exceeding 40 million tonnes per annum. Our track record boasts over 12,600 successful deliveries to more than 25 countries, a testament of our commitment to customers' needs.

At PETRONAS, customer-centricity lies at the heart of everything that we do. Our unwavering commitment revolves around crafting tailor-made solutions that cater to every customers' sustainability needs, ranging from innovative delivery methods, pricing options, and contracting approaches. From LNG bunkering to ISO tank delivery and ship-to-ship transfers, our specialized services extend the advantages of LNG accessibility far and wide.

As the first energy company in Southeast Asia to pledge Net Zero Carbon Emissions by 2050, we have pursued multiple pathways to reach our goal. We have pledged zero routine flaring in new oil developments and existing oil production sites by 2030, implemented digital solutions and process equipment advancements, invested in the electrification of our assets, and embarked on carbon capture and storage projects for carbon dioxide sequestration in our operations.

Above all, we are driven by a passion to create sustainable value for businesses, societies, and the planet. Our efforts and actions resonate with our partners' Environmental, Social, and Governance goals, without compromising on energy security. Together with PETRONAS, let's put passion into progress as we move towards a more sustainable future.



Passionate about Progress

